



**NEWS FROM THE OFFICE OF
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FOR IMMEDIATE RELEASE

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Erie County Comptroller David Shenk Issues Position Paper on Budget Modernization Act

As a follow up to his testimony at the July 2nd public hearing on the Budget Modernization Act of 2012 (BMA) and his presentation to the Erie County Legislature's Finance and Management Committee on July 10th, Erie County Comptroller David J. Shenk has issued a [position paper](#) calling for a formal policy governing the fund balance.

The BMA, which was passed yesterday by the Legislature with the support of the County Executive, brings the language of the charter into compliance with the most recent statement on fund balance definitions issued by the Governmental Accounting Standards Board's Statement No. 54 (GASB 54). The law also changes the factors used to determine the 5% fund balance that the county has been required to maintain since the Red/Green budget crisis. Sales and compensating use taxes that pass through to other municipalities will no longer be included in the formula used to determine the percentage. This has the practical effect of reducing the fund balance from \$76.2 million to \$52.8 million, freeing up \$23.4 million for future spending.

"As stewards of a \$1.5 billion budget, we owe the taxpayers a framework that governs the use of the County's fund balances and establishes a replenishment plan, should we need to utilize those reserves," said Shenk. "It will send a strong message to the taxpayers, credit rating agencies and Wall Street investors that Erie County is serious about maintaining its 'rainy day fund' and avoiding a return to the days of the Red/Green budget crisis where the fund balance decreased 98%, or approximately \$197 million."

Comptroller Shenk proposes that the County Executive and Legislature work with his office this summer to develop a comprehensive fund balance policy.

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